

JIM GERLACH  
6TH DISTRICT, PENNSYLVANIA

HOUSE COMMITTEE ON FINANCIAL SERVICES  
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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-3806

July 22, 2008

Mr. Pete Segal  
370 [REDACTED] Rd  
Glenmoore, PA 19343

Dear Mr. Segal:

Thank you for contacting me about the Unlawful Internet Gambling Enforcement Act of 2006 (UIGEA). I appreciate the opportunity to respond to your comments.

As you may know, UIGEA was signed into law on October 13, 2006 as part of the SAFE Port of 2006. UIGEA sought to cut off the flow of revenue to unlawful Internet gambling businesses by outlawing receipt of checks, credit card charges, electronic funds transfers, and the like by such businesses. It also enlists the assistance of banks, credit card issuers and other payment system participants to help stem the flow. To that end, UIGEA authorized the Treasury Department and the Federal Reserve, in consultation with the Justice Department, to promulgate regulations to implement UIGEA.

On October 4, 2007, the Federal Reserve and the Treasury Department issued proposed regulations implementing UIGEA. Opponents of UIGEA have claimed the proposed regulations are unworkable because they fail to define the term "unlawful internet gambling," leaving it to financial institutions like banks and credit unions to interpret state and federal laws, court decisions and Justice Department guidance, when determining whether to process a transaction.

Subsequently, House Committee on Financial Services Chairman Barney Frank introduced new legislation, H.R. 5767, which would prohibit implementation of the UIGEA regulations. On June 25, 2008, Chairman Frank brought up H.R. 5767 for consideration before the Financial Services Committee, of which I am a member. Chairman Frank's bill was never ultimately considered. Instead, a substitute amendment offered by Rep. Peter King of New York was brought up for a vote. Mr. King's amendment would have prohibited implementation of the UIGEA regulations until; 1. the Treasury Department and the Federal Reserve define 'unlawful internet gambling,' and 2. the Treasury Department compiles and maintains a list of unlawful internet gambling businesses.

I voted against the King Amendment and it failed by a 32-32 margin because I voted for UIGEA in 2006 and support it now. As such, I have resisted legislative efforts that have the effect of delaying permanently the implementation of UIGEA and its regulations. However, I am concerned about the legal and operational viability of a rule that leaves

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so much to interpretation and, accordingly, have urged the Federal Reserve and Treasury Department to take a more deliberative path to a workable rules that are fair for law-abiding citizens that enjoy games of skill and small financial institutions.

Thank you for contacting me about this important subject. Please feel free to contact me again if I may be of any assistant to you in the future.

With kind regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Gerlach", with a long horizontal flourish extending to the right.

Jim Gerlach  
Member of Congress

JG:bt

*P.S. Please visit me on the internet at <http://www.gerlach.house.gov>.*